

## Eighty-Sixth Regular Session

TUESDAY, July 3, 1984

The chief clerk makes the following entries under the above date.

### PETITIONS AND COMMUNICATIONS

#### Senate Petition 31

A petition by 2664 residents of the state of Wisconsin in support of the completion of the Highway 16-67 project, to include the upgrading of Highway 16 to four lanes from Okauchee to the City of Oconomowoc, and the construction of the bypass on the eastern edge of the City of Oconomowoc from Highway 16 South to Highway 67.

By Senator Davis.

Read and referred to committee on Transportation.

State of Wisconsin  
Department of Revenue

June 29, 1984

To the Honorable the Legislature

Pursuant to Section 2045 of 1983 Wisconsin Act 27, I am forwarding the attached report outlining the fiscal and administrative effects of requiring corporations to file combined income and franchise tax returns.

The study draws heavily on the experience of Minnesota and California, both of which tax multijurisdictional firms under the unitary approach. Our goal is to provide interested legislators with factual information about this matter; thus the report does not include the department's policy judgment on the issue. I will be reviewing the findings of the study as part of the 1985-87 executive budget bill development process and will provide a recommendation later this year within the context of that process.

Major findings contained in the report include the following: (1) An analysis of a select group of 68 large Wisconsin corporate taxpayers and their affiliates, utilizing both Wisconsin and California tax data, suggests that adopting worldwide combination would result in a modest (1.8%) aggregate increase in tax collections from that group of corporations (if complete compliance is assumed); (2) the same analysis also revealed that while the aggregate revenue effect is small, very significant tax shifting occurs among corporate taxpayers; tax liability changes for individual corporations would range from a \$2.2 million tax increase to a \$0.9 million tax decrease, depending on specific circumstances; (3) Minnesota's experience in implementing domestic combined reporting suggests that compliance is incomplete, at least in the early years after implementation, thereby resulting in a revenue loss in the near-term; and, (4) the Minnesota experience also indicates that firms facing net tax liability increases are less likely to comply with provisions of combined reporting (i.e., conversely, corporations experienced reduced taxes using the method are more likely to fully comply), thereby creating a substantial and ongoing tax

enforcement challenge that necessitates new training and personnel costs.

The last point bears closer examination if consideration is given to a specific combination proposal. Absent a specific method, any projection of administrative costs would be conjectural because of the many variables involved. These variables are discussed in the report.

In a similar vein, conclusive judgments about the tax collection impact of worldwide combination must be qualified at this point because of the wide range of policy and administrative alternatives that would have to be resolved. However, the experience of Minnesota, which has shown a short-term net revenue decrease, rather than the substantial tax collections increase that had been projected, underscores the need for a cautious assessment of the revenue potential.

We hope that this information offers insights into a complex aspect of tax law.

Sincerely,  
MICHAEL LEY  
Secretary

State of Wisconsin  
Department of Natural Resources

July 2, 1984

To the Honorable the Legislature

In the 1981-83 biennial budget bill, the Department of Natural Resources was authorized to approve the installation and operation of not more than 60 groundwater heat pump systems which inject circulated water into the groundwater of the state. Once approved, the Department was to monitor these systems and prepare a final report with recommendations by July 1, 1984. Attached is a copy of the report

Department staff are available to discuss the report and its recommendations with you at your request. Please feel free to contact me if you have any questions.

Sincerely,  
C.D. BESADNY  
Secretary

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State of Wisconsin  
Revisor of Statutes Bureau

July 1, 1984

SENATE CLEARINGHOUSE ORDERS

**Clearinghouse Rule 83-146**

AN ORDER to create CSB 2.15, relating to placement of substances in the schedule of the uniform controlled substances act.

Submitted by Controlled Substance Board.  
Report received from agency, June 29, 1984.

Referred to committee on Judiciary and Consumer Affairs, July 3, 1984.

**Clearinghouse Rule 84-77**

AN ORDER to create Ins 2.20, relating to unisex nonforfeiture values in certain life insurance policies.

Submitted by Office of the Commissioner of Insurance.

Report received from agency, June 29, 1984.

Referred to committee on Labor, Business, Veterans Affairs and Insurance, July 3, 1984.

The committee on Labor, Business, Veterans Affairs and Insurance reports and recommends:

**Clearinghouse Rule 84-4**

AN ORDER to amend ILHR 8.05, 16.03, 45.13 and 50.25 and Ind 4.04, 7.05, 8.135, 9.34 and 10.02 (5), relating to petitions for modification.

No action taken.

**Clearinghouse Rule 84-32**

AN ORDER to repeal ch. Grp 21, relating to state health insurance contributions.

No action taken.

JEROME VAN SISTINE  
Chair

The committee on Agriculture and Rural Affairs reports and recommends:

**Clearinghouse Rule 83-217**

AN ORDER to create ch. Ag 165, relating to the animal waste grant program.

No action taken.

RODNEY C. MOEN  
Chair

The committee on Transportation reports and recommends:

**Clearinghouse Rule 83-77**

AN ORDER to amend Trans 138.01, 138.03 (1) (b), (2) and (3), 138.04 (intro.), (1) (b) 5, 6 and 7, (2) and (3), 138.06, 138.07 (1) and 138.08; and to create ch. Trans 141, relating to mobile home dealer trade practices, facilities and records.

No action taken.

CARL OTTE  
Chair

Donald J. Schneider  
Senate Chief Clerk

Dear Mr. Schneider:

The following rules have been published and are effective:

- Clearinghouse Rule 82-118 effective July 1, 1984.
- Clearinghouse Rule 83-103 effective July 1, 1984.
- Clearinghouse Rule 83-133 effective July 1, 1984.
- Clearinghouse Rule 83-142 effective July 1, 1984.
- Clearinghouse Rule 83-148 effective July 1, 1984.
- Clearinghouse Rule 83-165 effective July 1, 1984.
- Clearinghouse Rule 83-168 effective July 1, 1984.
- Clearinghouse Rule 83-173 effective July 1, 1984.
- Clearinghouse Rule 83-178 effective July 1, 1984.
- Clearinghouse Rule 83-180 effective July 1, 1984.
- Clearinghouse Rule 83-191 effective July 1, 1984.
- Clearinghouse Rule 83-197 effective July 1, 1984.
- Clearinghouse Rule 83-200 effective July 1, 1984.
- Clearinghouse Rule 83-207 effective July 1, 1984. (NR 25)
- Clearinghouse Rule 83-207 effective January 1, 1985. (NR 20)
- Clearinghouse Rule 83-208 effective July 1, 1984.
- Clearinghouse Rule 84- 11 effective July 1, 1984.
- Clearinghouse Rule 84- 14 effective July 1, 1984.
- Clearinghouse Rule 84- 18 effective July 1, 1984.
- Clearinghouse Rule 84- 38 effective July 1, 1984.

Sincerely,  
GARY L. POULSON  
Assistant Revisor

CITATIONS

MOTIONS UNDER SENATE RULE 98

A Certificate of Congratulations by Senator Helbach and Representative Holperin for LARRY G. MANKIN on the occasion of his achievements with the Central Wisconsin Chamber of Commerce;

A Certificate of Congratulations by Senator Otte for VICTORIA KANAS on the occasion of her leaving the Wisconsin Legislature;

A Certificate of Congratulations by Senator Theno for DON PEARSON on the occasion of his outstanding public service;

A Certificate of Congratulations by Senator Harsdorf for BURNETT COUNTY on the occasion of their reenactment of the pioneer days trek across Wisconsin to Minnesota;

A Certificate of Congratulations by Senator Harsdorf for the FREDERIC WOMAN'S CLUB on the occasion of their 60th anniversary;

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A Certificate of Congratulations by Senator Harsdorf for JEFF PICKERIGN on the occasion of his being recognized as a 'Star Farmer';

A Certificate of Congratulations by Senator Rude for ILLENE OLSON on the occasion of her being selected as Farm Wife of the Year;

A Certificate of Congratulations by Senator Harsdorf for ROSE BAGGIE on the occasion of her 100th birthday;

A Certificate of Congratulations by Senator Harsdorf for MARY EISCHENS on the occasion of her 100th birthday;

A Certificate of Congratulations by Senator Harsdorf for FATHER FRANK BRICKL on the occasion of his golden jubilee;

A Certificate of Congratulations by Senator Harsdorf for MR. and MRS. LEROY WELLS on the occasion of their Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for PHIL and NORMA KARIS on the occasion of their Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for MR. and MRS. LEROY JENSEN on the occasion of their Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for JIM and LUCILLE CASEY on the occasion of their Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for TONY and VERNICE BRENSDAL on the occasion of their 60th wedding anniversary;

A Certificate of Congratulations by Senator Harsdorf for JACK and ALICE HEAGLE on the occasion of their Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for MR. and MRS. VERN ZERAHN on the occasion of their Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for NORMAN and VERNA CHRISTOPHERSON on the occasion of Golden Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for TOM and IRMA SNYDER on the occasion of their Golden Wedding Anniversary;

A Certificate of Commendation by Senator Harsdorf for PROFESSOR LELAND S. WITTWER on the occasion of his recognition with the Award of Merit;

A Certificate of Commendation by Senator Johnston for NORMAN NEITZKE on the occasion of his being awarded the United States Army's Meritorious Service Medal;

A Certificate of Congratulations by Senator Kreul and Representative Schultz for HILMAN and JUDY SCHROEDER on the occasion of their being the 1984 recipients of the Master Agriculturist Award;

A Certificate of Congratulations by Senator Harsdorf for DR. RICHARD HARTZELL on the occasion of his being named Family Physician of the Year - 1984;

A Certificate of Congratulations by Senator Chilsen for LULA and ROLAND RICHARDT on the occasion of their 50th Wedding Anniversary;

A Certificate of Congratulations by Senator Harsdorf for BUNNY and GEORGE KINNEY on the occasion of their 40th Wedding Anniversary;

A Certificate of Congratulatis by Senator Harsdorf for RICK DADO on the occasion of his being selected as the President of the Wisconsin Future Farmers of America;

A Certificate of Congratulations by Senator Harsdorf for LOUIE and JENNIE DRAXLER on the occasion of their 65th wedding anniversary;

A Certificate of Congratulations by Senator Davis for DONALD EGGUM, on the occasion of his retirement from public service;

A Certificate of Congratulations by Senator Harsdorf for SUSAN and ANDREW HYBEN on the occasion of their 70th wedding anniversary;

A Certificate of Congratulations by Senator Davis for the Village and Town of PALMYRA on the occasion of the 100th anniversary of Old Settler's Day.